

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): August 18, 2020

FORMFACTOR, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

000-50307
(Commission File Number)

13-3711155
(IRS Employer Identification No.)

7005 Southfront Road
Livermore, CA
(Address of Principal Executive Offices)

94551
(Zip Code)

Registrant's telephone number, including area code: **(925) 290-4000**

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.001 par value	FORM	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company
- If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

On August 18, 2020, FormFactor, Inc. ("FormFactor") is hosting an analyst call to provide an update to its long-term strategy and financial model. A copy of the presentation used by management in conjunction with the call is furnished as exhibit 99.01 to this report and is incorporated herein by reference.

The presentation furnished as Exhibit 99.01 contains forward looking statements within the meaning of the U S Securities Exchange Act of 1934 and the Securities Act of 1933. The forward looking statements include statements concerning, among other things, our future business model and strategies, our financial model and structure, market and market share growth, industry trends, customer demand and growth opportunities. In some instances, you can identify these statements by forward looking words, such as "may," "might," "will," "could," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend" and "continue," the negative or plural of these words and other comparable terminology. The target financial model described in this presentation is intended to aid in the evaluation of long term potential, and is not guidance or a statement of forecasted performance in a specific future period. The forward looking statements are only predictions based on our current expectations and our projections about future events. All information and forward looking statements included in this presentation and the related discussions are based upon information available to us as of August 18, 2020. You should not place undue reliance on these forward looking statements. These forward looking statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to differ materially from those expressed or implied by these statements, including risks related to technology and market trends; the benefits of acquisitions and investments; macroeconomic conditions; uncertainties related to the COVID-19 pandemic and the impacts of our responses to it; the interpretation and impacts of changes in export controls and other trade barriers; our success in executing our business strategies and other risks discussed in the section titled "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 28, 2019 and in our other filings with the U.S. Securities and Exchange Commission copies of which may be obtained by visiting the Investor Relations section of our website at <http://investors.formfactor.com> or at www.sec.gov.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

The following exhibit is filed herewith and this list is intended to constitute the exhibit index.

<u>Exhibit Number</u>	<u>Description</u>
99.01	Analyst Call Presentation: Company Strategy & Target Model Update, dated August 18, 2020

The information in this report and the accompanying exhibit shall not be incorporated by reference into any filing of FormFactor with the Securities and Exchange Commission, whether made before or after the date hereof, regardless of any general incorporation language in such filing, unless expressly incorporated by specific reference in such filing. The information in this report, including the accompanying exhibit, shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section or Sections 11 and 12(a)(2) of the Securities Act of 1933, as amended.



Growth Strategy and Target Financial Model Update

August 18, 2020



Forward-Looking Statements; Non-GAAP Financial Measures

This presentation contains forward-looking statements within the meaning of the U.S. Securities Exchange Act of 1934 and the Securities Act of 1933. The forward-looking statements include statements concerning, among other things, our future business model and strategies, our financial model and structure, market and market share growth, industry trends, customer demand and growth opportunities. In some instances, you may identify these statements by forward-looking words, such as "may," "might," "will," "could," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "intend" and "continue," the negative or plural of these words and other comparable terminology. The target financial performance described in this presentation is intended to aid in the evaluation of long-term potential, and is not guidance or a statement of forecasted performance in a specific future period. The forward-looking statements are only predictions based on our current expectations and are subject to projections about future events. All information and forward-looking statements included in this presentation and the related discussions are based upon information available to us as of August 18, 2020. You should not place undue reliance on these forward-looking statements. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, levels of performance or achievements to differ materially from those expressed or implied by these statements, including risks related to technology market trends; the benefits of acquisitions and investments; macroeconomic conditions; uncertainties related to the COVID-19 pandemic and its impacts of our responses to it; the interpretation and impacts of changes in export controls and other trade barriers; our success in executing our business strategies and other risks discussed in the section titled "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the period ended December 28, 2019 and in our other filings with the U.S. Securities and Exchange Commission copies of which may be obtained by the Investor Relations section of our website at <http://investors.formfactor.com> or at www.sec.gov.

This presentation and related discussions contain non-GAAP measures relating to our financial performance. These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information is not intended to be considered in isolation of, or as a substitute for, financial information prepared and presented in accordance with generally accepted accounting principles. You can find the reconciliation of non-GAAP financial measures to the most directly comparable U.S. GAAP measures in the Supplemental Information contained in this presentation.

Agenda

- Welcome & Introduction
- Investment Thesis
- Industry Dynamics & Growth Drivers
- Introducing New Target Model
- Q&A

Presenters



Mike Slessor
President and
Chief Executive Officer



Shai Shahar
Chief Financial Officer

Mike Slessor

President and Chief Executive Officer

FormFactor At a Glance

TTM Revenue*

~ \$640M



Advanced Probe Cards
for Chip Production



60,000,000+
MEMS PROBES/YEAR

Engineering Systems



10,000+
INSTALLED PROBERS

Global Manufacturing, Design
and Customer Service Presence



2,000
PEOPLE



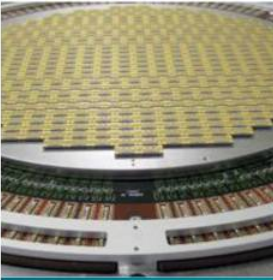
Recognized by
Industry Leaders**

Intel TSMC Micro
SK hynix Samsun

*As of 6/27/20

** Customers that have accounted for >10% of revenue for one or more quarters since Q1 FY18

Compelling Investment Thesis



Market leader in large and growing semiconductor test and measurement sector



Benefits from powerful secular trends:

- Exponential growth in semiconductor content, increased 5G and data center spending
- Adoption of advanced packaging to counter slowdown in Moore's Law



Technology leadership enables customers' most critical roadmap advancements, from R&D through Production



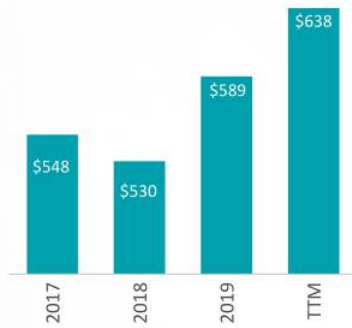
Profitable financial model with earnings growth and strong cash flow



Active execution of acquisition strategy increases scale and diversification

Proven Track Record

Revenue \$ IN MILLIONS



Non-GAAP Gross Margin



Non-GAAP EPS*



Free Cash Flow \$ IN MILLIONS



Expanding Market Share Leadership

Benefits From Scale and Operational Execution

Significant Operating Leverage

Cash Generative Business

See Supplemental Information for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures. TTM results through 6/27/20.

*Reflects inclusion of deferred tax expenses in Non-GAAP EPS starting Q1'19. All references to EPS are on a diluted basis.

Sources: Historical information, company SEC filings and press releases.

History of Value Creation and Outperformance

FORMFACTOR, SOX AND S&P 500 HISTORICAL STOCK PERFORMANCE



OUTPERFORMAN

235% FormFactor Return Investm

211% SOX Return Investm

59% S&P 500 Return Investm

*Stock performance from close on 12/31/14 through 7/31/20.

Recognized Industry Leader



2014 • 2015 • 2016
2017 • 2018 • 2019
2020



Customers Rate FormFactor One of THE BEST Suppliers in the Semiconductor Industry

FormFactor Selected as a Top Supplier in Annual VLSIresearch Survey

May 13, 2020 16:30 ET | Source: FormFactor, Inc.

LIVERMORE, Calif., May 13, 2020 (GLOBE NEWSWIRE) -- FormFactor, Inc. (NASDAQ: FORM), a leading semiconductor test and measurement supplier, announced that it has once again been named a 10 BEST and THE BEST Supplier in VLSIresearch's annual customer satisfaction survey in three categories:

- **10 Best Focused Suppliers of Chip Making equipment,**
- **THE BEST Suppliers of Test Equipment, and**
- **THE BEST Suppliers of Test Subsystems.**

The survey includes the feedback of worldwide semiconductor manufacturing companies, rating suppliers in 14 categories, and measuring in each - supplier performance, customer service and product performance. The results mark seven consecutive years that FormFactor has been selected in THE BEST Suppliers of Test Subsystems which includes manufacturers of probe cards, test sockets and device interface boards. In April, the company was also ranked as the world's top supplier of semiconductor probe cards in a separate VLSIresearch report*.

"Customers give FormFactor high ranking for trust in supplier and technical leadership," said G. Dan Hutcheson, CEO of VLSIresearch. "FormFactor continues to be a five-star supplier."

Trusted by leading semiconductor designers and foundries

How FormFactor Wins



FormFactor Occupies a Unique Place in Semiconductor Industry

Front-End: Wafer Fabrication Equipment



Industry: \$55 Billion

- 6% CAGR
- Highly cyclical, tied to capital spending
- Highly consolidated

Wafer Test & Measurement

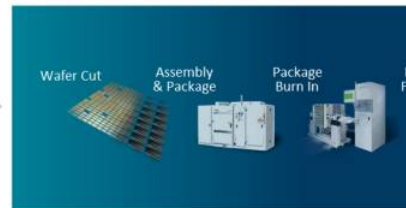


Industry: \$1.9 Billion

Advanced Probe Cards: \$1.5B; Engineering Systems: \$0.4B

- 6% CAGR for Advanced Probe Cards, device-specific consumables
- 3% CAGR for Engineering Systems, driven by R&D budgets
- Demand driven by design releases on both new and existing nodes
- Moderate cyclicality
- Consolidated industry

Back-End: Wafer Assembly and Final Test



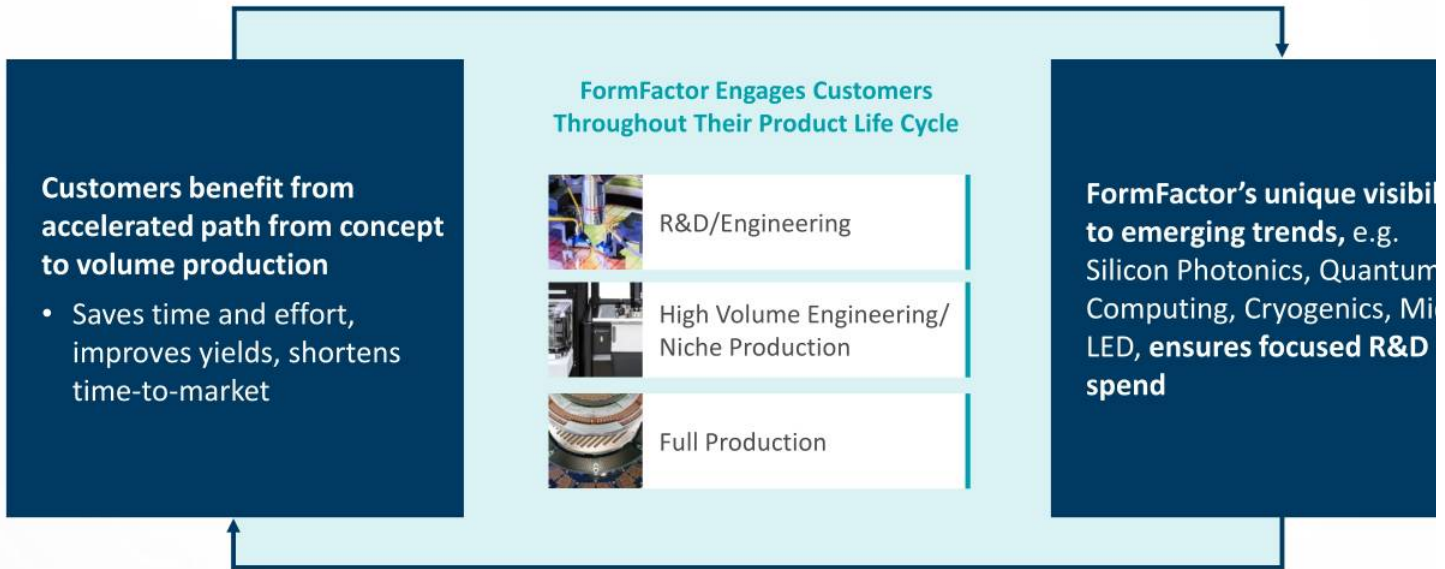
Industry: \$3.5 Billion

- 7% CAGR
- Highly cyclical, tied to capital spending
- Highly fragmented

Customers' shorter product cycles and faster times-to-market amplify secular growth in silicon devices

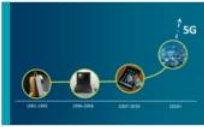
Sources: All market size and growth rates are VLSIresearch estimates, except for Engineering Systems which are company estimates.

Customers Value, FormFactor Benefits From “Lab to Fab” Capabilities

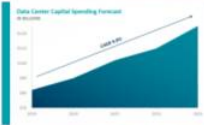


FormFactor Benefits from Two Industry Dynamics

Secular Growth in the Semiconductor Industry



Exponential Growth in Semiconductor Use

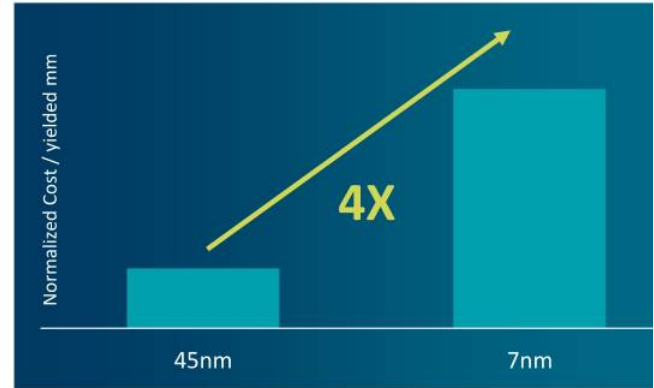


Increased Infrastructure and Enterprise Spending



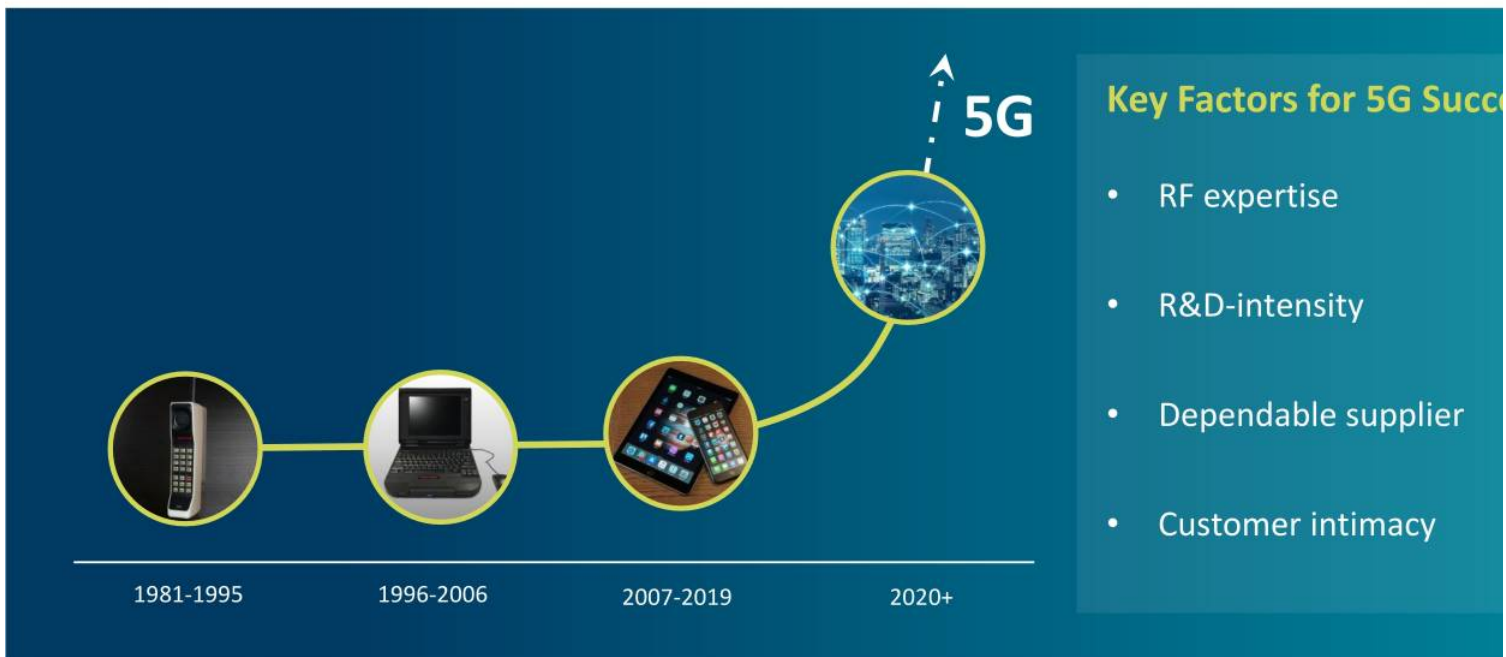
5G Applications in Mobility and Automotive

Slowing of Moore's Law: Node shrinks no longer provide cost reduction



Source: Su (AMD), IEDM 2017.

Exponential Growth in Silicon Devices Will Be Accelerated by !

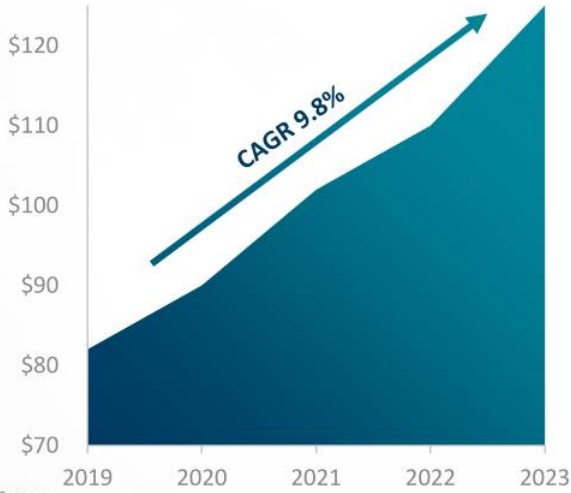


Source: Yole Development of Technology for 5G.

Infrastructure Spending and 5G Adoption Are Spurring Semiconductor and Probe Card Use

Data Center Capital Spending Forecast¹

IN BILLIONS



Source:

1. Omdia

2. Cisco "Annual Internet Report"

3. Lear Corporation, IHS Automotive for industry production.

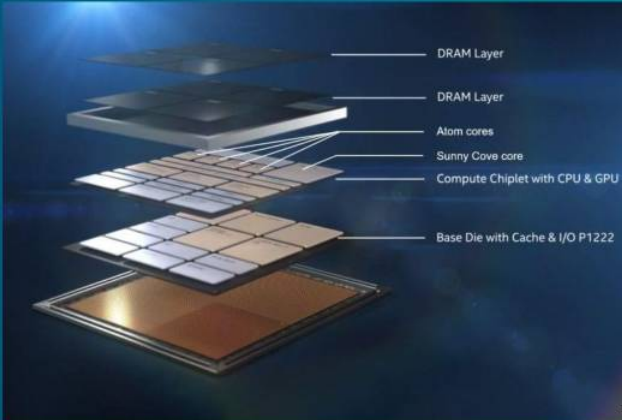
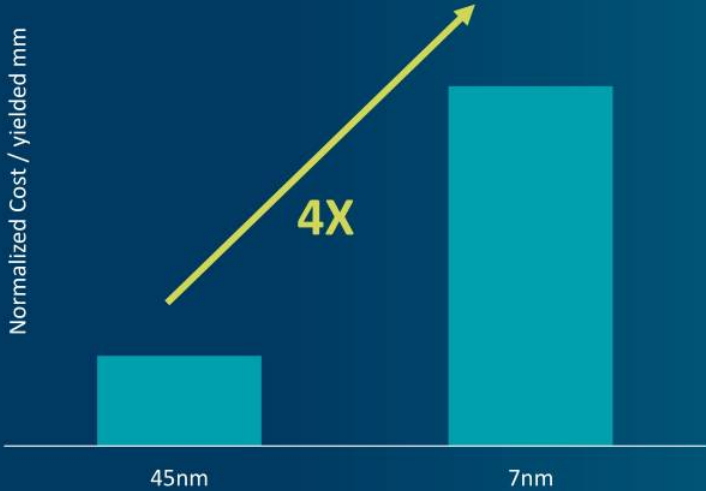
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5G Will Drive Increased Content in Mobility and Automotive Applications



Advanced Packaging Addresses Scaling Challenges As Moore's Law Slows

Node shrinks no longer provide cost reduction

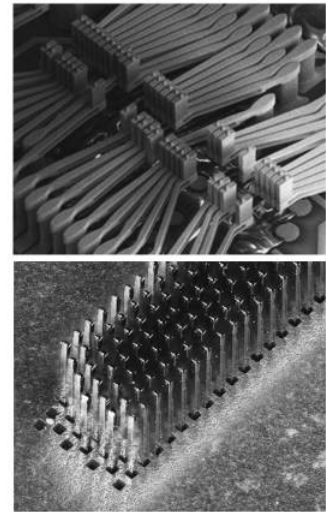


Advanced Packaging improves product-level performance, power and density

Source: Su (AMD), IEDM 2017.
Note: Cost per yielded mm² for a 250 mm² die.

Probe Cards are Critical to Advanced Packaging

TEST INTENSITY		Cost of the Advanced Packaging Solution	
		Low	High
Semiconductor Die Yield	Low	Some	LOTS! FORMFACTOR™
	High	Little	Some



Test intensity, and therefore probe card demand, increases as advanced packaging becomes widespread

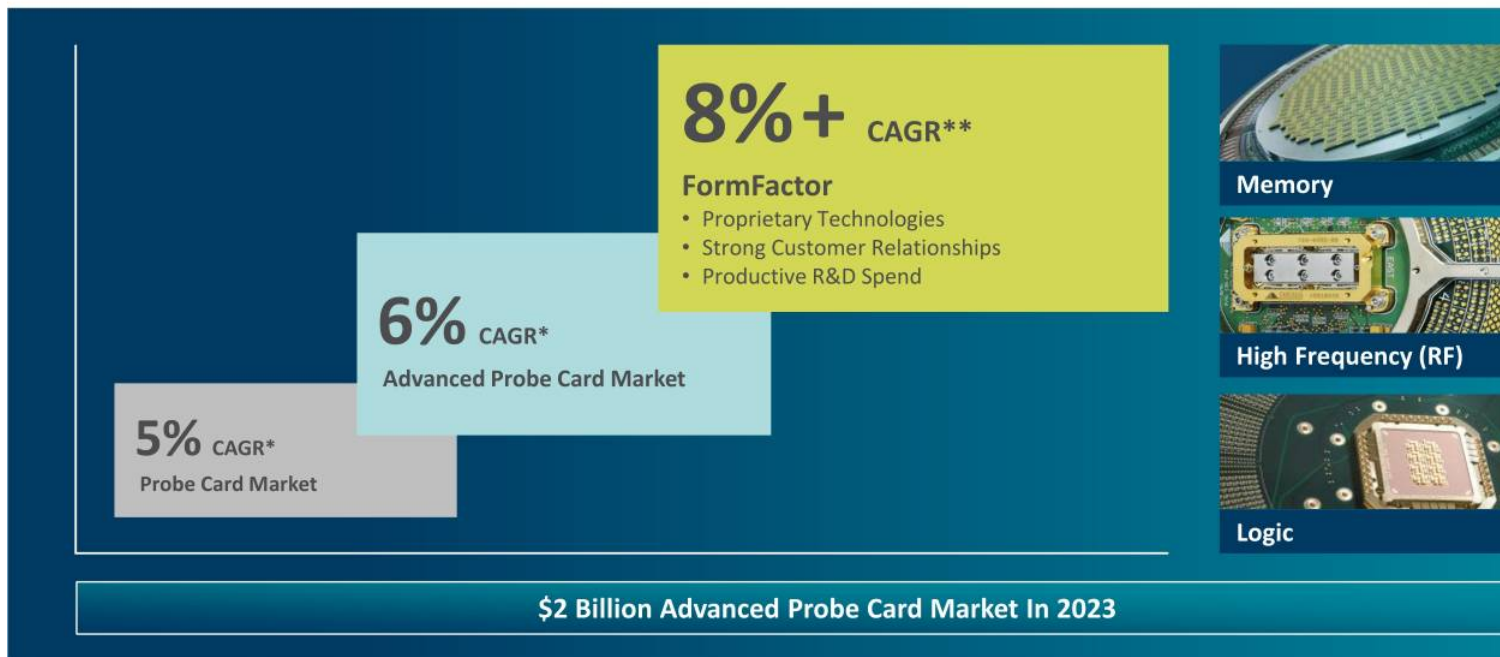
INTRODUCING OUR NEW TARGET MODEL

FormFactor's Markets Offer Attractive Growth Opportunities



*Based on VLSIresearch estimates and company estimates.

Unique Capabilities Position FormFactor for Faster Growth in Advanced Probe Cards



Source: *VLSIresearch estimates.
**Company estimates.

Poised for Above-Market Growth in Engineering Systems

5%+ CAGR**

FormFactor

- Largest Installed Base
- Autonomous Measurement Solutions Leader
- Broadest Portfolio

3% CAGR*

Engineering Systems Market

3D Surface
Metrology



200 mm
Automated



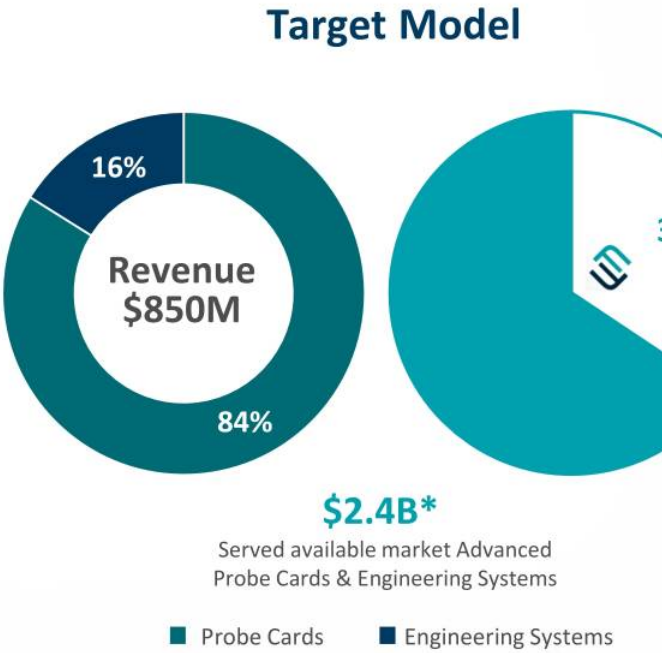
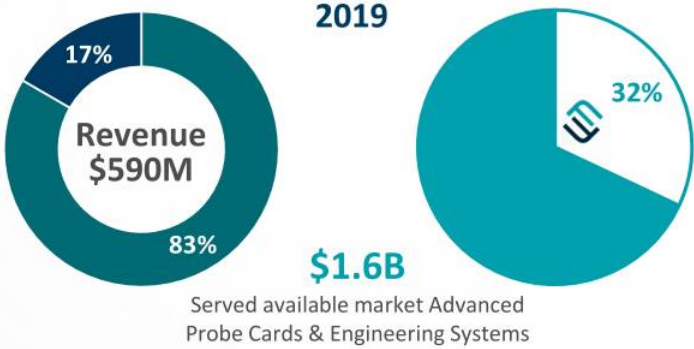
300 mm
Automated



Technology Leadership and Worldwide Infrastructure Lead to Customer Intimacy and Early Involvement

Source: *VLSIresearch estimates.
**Company estimates.

FormFactor's New Target Model



22 Sources: Historical information, company SEC filings and press releases.
 *VLSresearch estimates of 2020 market size and company estimates.



Shai Shahar

Chief Financial Officer

Growth to \$850M Target Model Revenue, Delivers \$2.00 Non-GAAP I

	2019 Actuals	Target Model
Revenue	\$590M	\$850M
Non-GAAP Gross Margin	44.5%	47.0%
Non-GAAP Operating Margin	17.3%	22.0%
Non-GAAP Effective Tax Rate	22.0%	17.0%
Non-GAAP Diluted Earnings Per Share	\$1.04	\$2.00
Free Cash Flow	\$102M	\$160M

See Supplemental Information below for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.
Sources: Historical information, company SEC filings and press releases.

Drivers of Shareholder Value Creation

Revenue Growth

- Underlying growth in semiconductor applications
- Participation in Advanced Packaging and 5G mega trends
- Diversification of customers

Operating Leverage

- Gross Margin expansion
- Disciplined operating structure
- Robust Operating Cash Flow and Free Cash Flow
- Profitable growth

Capital Allocation

Focused reinvestment

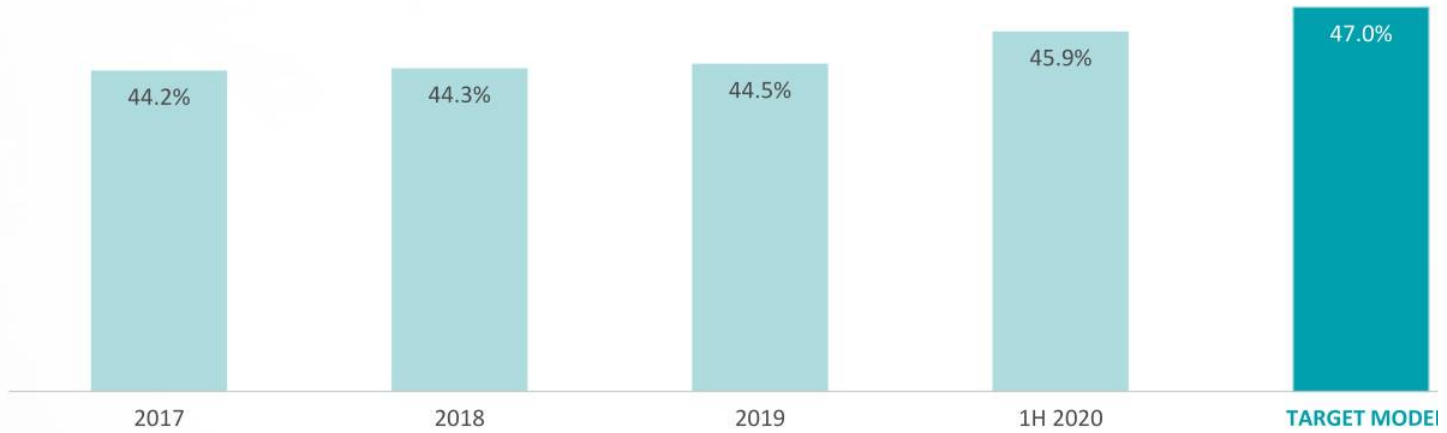
- R&D
- Capacity expansion
- Fund organic growth

M&A

- Increase served addressable market
- Acquire attractive technologies
- Patient, deliberate approach
 - Complementary to organic growth
 - Diversifies revenue stream
 - Accretive to earnings

Revenue Growth Drives Increased Profitability

Non-GAAP Gross Margin



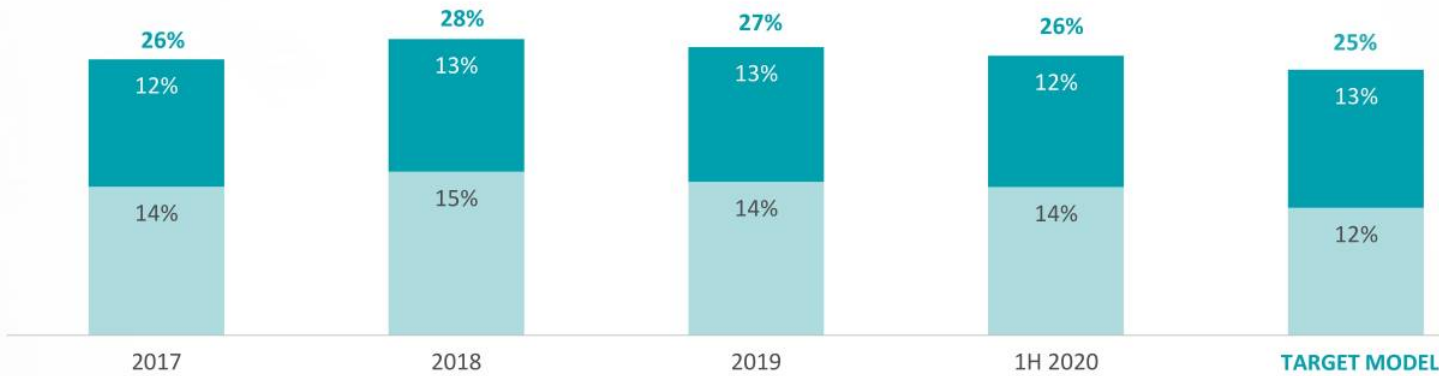
Improving operating efficiency and factory utilization will drive gross margin expansion

See Supplemental Information below for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.
Sources: Historical information, company SEC filings and press releases.

Scale Enhances Margins, Finances Differentiating R&D

Non-GAAP Operating Expense as % of Revenue

■ SG&A ■ R&D

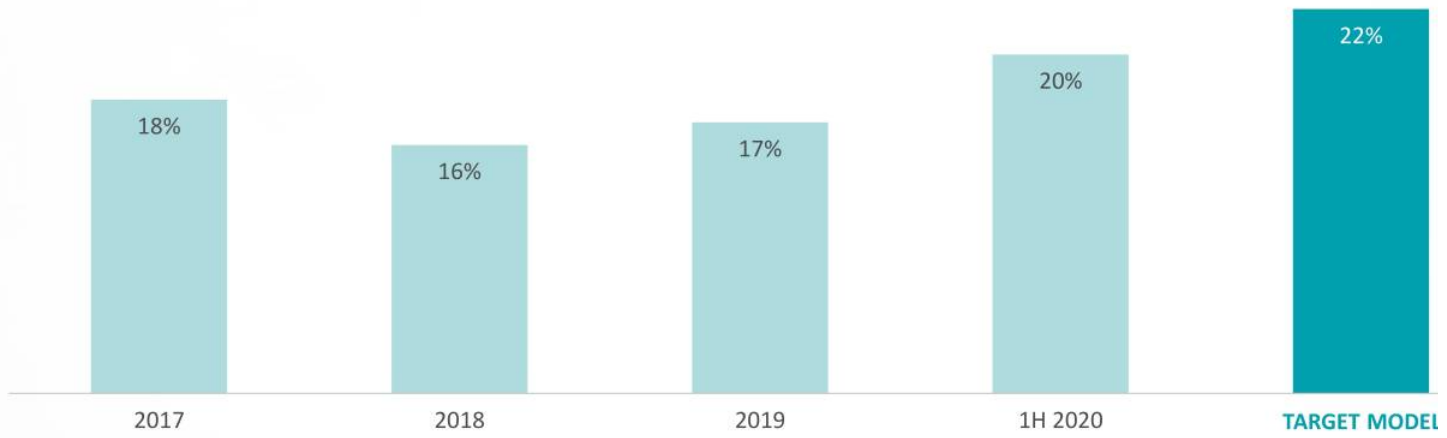


**Capitalize on scale to leverage our operating expense infrastructure.
Continued significant R&D investment creates new organic growth opportunities.**

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Sources: Historical information, company SEC filings and press releases.

Driving Operating Leverage Through Scale

Non-GAAP Operating Margin



Disciplined spending and increasing scale will continue to enhance profitability

See Supplemental Information below for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.
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Capital Expenditures to Support Organic Growth

	2017	2018	2019	2020	Target Cap Model
CapEx	\$18M	\$20M	\$21M	\$50M-\$60M Capacity Expansion	\$30M - \$35M
Revenue	\$548M	\$530M	\$590M		\$850M
CapEx as % of Revenue	3.2%	3.8%	3.5%		3.5%-4.0%



New Livermore Facility



Highly Automated Manufacturing



Factory Expansions

Acquisition Strategy Adds Scale and Diversification

Established process focused on extending long-term industry leadership

- Acquisition priorities
 - Market leader in growing market
 - Compelling technical capabilities
 - Accretive
 - Focus on tuck-ins as well as larger scale companies
- Leveraging FormFactor's key capabilities and infrastructure to achieve synergies

Opportunistic acquisition of Advantest's probe card assets aligned with our long-term strategy and M&A principles

- Provides critical enabling technology reinforcing FormFactor's leadership
- Creates potential opportunity to increase share in the NAND Flash probe card market

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Proven track record of identifying and integrating accretive acquisitions



Year: 2012
Amount: \$117M



Year: 2016
Amount: \$352M



Year: 2019
Amount: €19.7M

Acquisition of Advantest's probe card assets

Year: 2020
Amount: \$35M



Highly Resilient Business Model

Enabled by Flexible Cost Structure

- 100% of employees with variable pay component
- Flexible staffing model

Strong and Healthy Balance Sheet

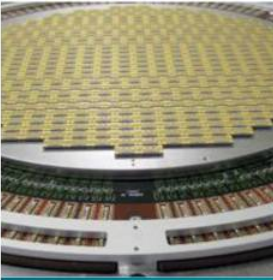
- Supported by strong free cash flows
- History of successfully managing debt and significant borrowing capacity available if needed



Mike Slessor

President and Chief Executive Officer

Compelling Investment Thesis



Market leader in large and growing semiconductor test and measurement sector



Benefits from powerful secular trends:

- Exponential growth in semiconductor content, increased 5G and data center spending
- Adoption of advanced packaging to counter slowdown in Moore's Law



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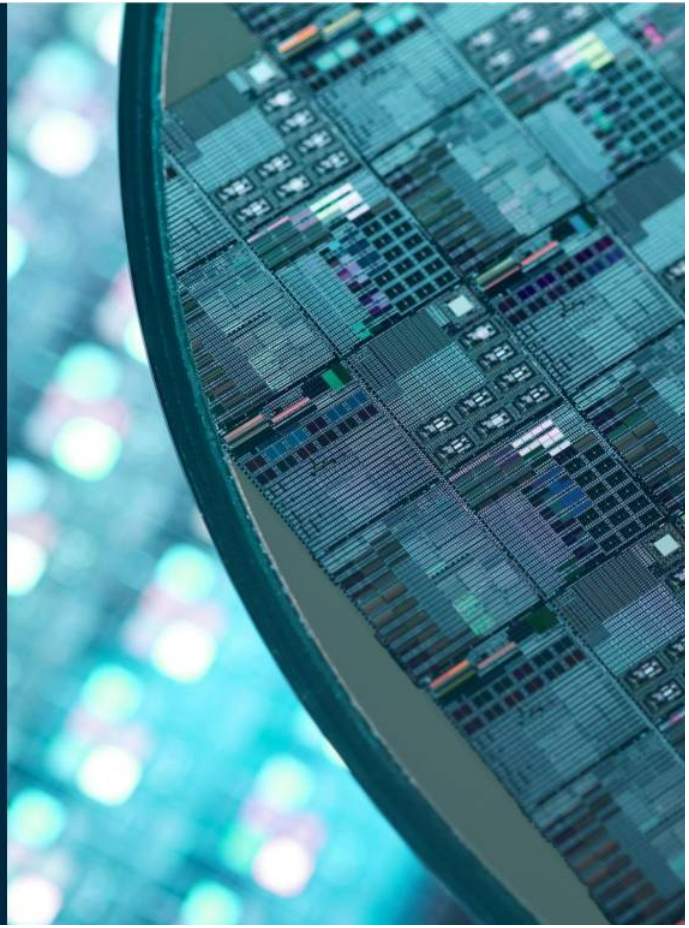
Profitable financial model with earnings growth and strong cash flow



Active execution of acquisition strategy increases scale and diversification

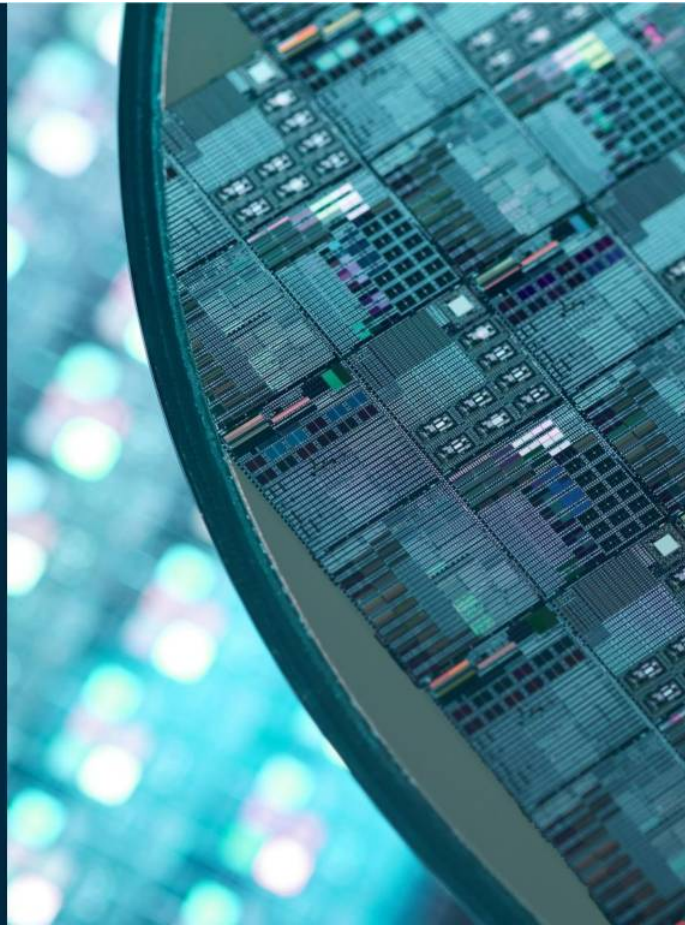


Q&A





Supplemental Information



FY 2019 GAAP to Non-GAAP Reconciliation

	GAAP	Adjustments					N 12-M Decen
	12-Months Ended December 28, 2019	Stock-based Compensation	Amortization of Intangibles	Amortization of Inventory Step-Up	Restructuring Charges	Acquisition Related	
Revenues	\$ 589,464	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of revenues	351,968	(4,055)	(20,036)	(465)	(258)	-	-
Gross profit	237,496	4,055	20,036	465	258	-	-
Operating expenses:							
Research and development	81,499	(6,367)	-	-	-	-	-
Sales and marketing	64,400	(6,745)	(7,636)	-	-	-	-
General and administrative	41,935	(6,009)	-	-	(223)	(460)	-
Total operating expenses	187,834	(19,121)	(7,636)	-	(223)	(460)	-
Operating profit	49,662	23,176	27,672	465	481	460	-
Interest income	2,714	-	-	-	-	-	-
Interest expense	(1,915)	-	-	-	-	-	-
Other income (expense), net	602	-	-	-	-	-	-
Income before income taxes	51,063	23,176	27,672	465	481	460	-
Provision for income taxes	11,717	4,969	5,827	29	119	86	-
Net income	\$ 39,346	\$ 18,207	\$ 21,845	\$ 436	\$ 362	\$ 374	\$ -
Net income per share:							
Basic	\$ 0.52	\$ 0.24	\$ 0.29	\$ 0.01	\$ 0.00	\$ 0.00	\$ -
Diluted	\$ 0.51	\$ 0.24	\$ 0.28	\$ 0.01	\$ 0.00	\$ 0.00	\$ -
Weighted-average number of shares							
Basic	74,994	74,994	74,994	74,994	74,994	74,994	-
Diluted	77,286	77,286	77,286	77,286	77,286	77,286	-

Free Cash Flow Reconciliation

in thousands	2013	2014	2015	2016	2017	2018
Net cash provided by (used in operating activities)	\$ (5,802)	\$ 17,659	\$ 36,122	\$ 17,423	\$ 86,323	\$ 68,700
Add: Cash paid for interest	-	-	-	2,110	3,836	3,113
Add: Cash paid for acquisition related expenses	-	-	-	15,446	-	-
Capital expenditures	(8,530)	(5,670)	(8,640)	(11,521)	(17,756)	(19,869)
Free cash flow	\$ (14,332)	\$ 11,989	\$ 27,482	\$ 23,458	\$ 72,403	\$ 51,944

About Non-GAAP Financial Measures

We believe that the presentation of non-GAAP earnings per fully-diluted share, free cash flow and other non-GAAP measures in this presentation provide supplemental information that is important to understanding financial and business trends and other factors relating to our financial condition and results of operations. These non-GAAP measures are among the primary indicators used by management as a basis for planning and forecasting future periods, and are used by management and our board of directors to determine whether our operating performance has met certain targets and thresholds. Management uses GAAP operating income (loss), non-GAAP earnings per fully-diluted share and other non-GAAP measures when evaluating operating performance because management believes that the exclusion of the items indicated herein, for which the amounts or timing may vary significantly depending upon our activities and other factors, facilitates comparability of our operating performance from period to period. We use free cash flow to conduct and evaluate our business as an additional way of viewing our liquidity that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. Many investors also prefer to track free cash flow, as opposed to only GAAP earnings. Free cash flow has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures, and therefore it is important to view free cash flow as a complement to our consolidated statements of cash flows. We have chosen to provide non-GAAP information to investors so they can analyze our operating results closer to the way that management does, and use this information in their assessment of our business and the valuation of our company. We compute non-GAAP operating income (loss) and non-GAAP fully-diluted earnings per share by adjusting GAAP operating income (loss) and GAAP earnings per fully-diluted share to remove the impact of certain items and the tax effect of those adjustments. These and other non-GAAP measures are not in accordance with, or an alternative to, GAAP and may be materially different from other non-GAAP measures, including similarly titled non-GAAP measures used by other companies. The presentation of this additional information should not be considered in isolation from, as a substitute for, or superior to, operating income (loss), earnings per fully-diluted share and other measures prepared in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect certain items that may have a material impact upon our reported financial results. We may expect to continue to incur expenses of a nature similar to these non-GAAP adjustments, and exclusion of these items should not be construed as an inference that these costs are unusual, infrequent or non-recurring.

For more information on non-GAAP measures and adjustments, please see the Supplemental Information in this presentation and available at <http://investors.formfactor.com> for reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures.

